



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0297354

THE APPLICATION OF DEVON ENERGY PRODUCTION CO, L.P., FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE MAYBERRY LEASE, SALLIE ANN (SPRABERRY-WOLFCAMP) FIELD, ECTOR COUNTY, TEXAS

HEARD BY: Richard Eyster, P.G. - Technical Examiner
Terry Johnson - Hearings Examiner

HEARING DATE: September 04, 2015
RECORD CLOSED: September 04, 2015
SUBMISSION DATE: September 23, 2015
CONFERENCE DATE: October 06, 2015

APPEARANCES:

REPRESENTING:

APPLICANT:
John Soule
Dustin Freeman

Devon Energy Production Co., L.P.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Devon Energy Production Co., L.P. (Devon) requests a one year exception to Statewide Rule 32 to flare gas from its, Mayberry Lease, Sally Ann (Spraberry-Wolfcamp) Field, Ector County, Texas. All offset operators in the subject field were notified of the hearing. Devon is requesting authority to flare a volume of 425 MCFD for a period of one year.

The application is not protested. The Examiners recommend that it be approved.

DISCUSSION OF THE EVIDENCE

Dustin Freeman, Devon's Marketing Representative testified for Devon.

16 TAC §3.32(h) provides that an exception to flare casing-head gas in volumes greater than 50 MCFGD may be granted administratively for a period up to 180 days. Furthermore, flaring exceptions beyond the 180 days shall be granted only in a final order signed by the Commission.

Statewide Rule 32 contains no notice of application requirements. The application is unprotested.

Mr. Freeman stated that in March and April of 2015 Devon used nitrogen as part of their work over program for the 12 wells they have on the Mayberry Lease. As a result of the work over program Devon currently (as of August 13, 2015) has 5.2% nitrogen (N) in their produced gas. This percentage is lower than the initial 9.2% N after the work over, however, 5.2% is still higher than their contracted (3% N) amount with DCP Midstream (DCP) allows. Devon believes that within three to four months they will be able to either bring the nitrogen in their gas down to the 3% that their contract stipulates, or contract with another pipeline company that can accept gas with a nitrogen content higher than the 3% DCP requires in their contract.

Devon is requesting a one year exception at a rate of 425 MCFD for a period of one year, effective July 08, 2015 through July 07, 2016 so they will have time to handle any unforeseen well or pipeline issues that might arise.

While Devon was trying to bring down the nitrogen content in their gas they were forced at times to flare in the months of April through June of 2015. Devon received flare permits for the days they were forced to flare:

Permit No.	Start Date	End Date	No. of Days	Volume
22148	04/01/2015	04/30/2015	9	439 MCFD
22567	05/01/2015	05/31/2015	1	19 MCFD
23062	06/01/2015	06/30/2015	24	342 MCFD

FINDINGS OF FACT

1. Proper notice of this hearing was given to all offset operators at least ten days prior to the date of hearing. There were no protests to the application.
2. On July 08, 2015 Devon applied for a one year exception.
3. Devon Energy Production Co., L.P. (Devon) is requesting an exception to flare casing-head gas from its Mayberry Lease, Sally Ann (Spraberry-Wolfcamp) Field, at a rate of 425 MCFD for a period of one year, effective July 08, 2015 through July 07, 2016, pursuant to 16 Tex. Admin. Code §§3.32(h) and 3.32(f)(2)(D).
4. Devon had three 30 day flare permits for the days they were forced to flare.

5. Due to the use of nitrogen in work over activities the current nitrogen level in the lease is 5.2%.
6. Devon's contract with DCP stipulates the nitrogen level in the gas must be 3%.
7. Devon believes they will be able to reduce their nitrogen levels to 3% within a years time or be able to connect to another carrier.
8. An exception to Statewide Rule 32 to flare gas will allow Devon to continue to produce from the Mayberry Lease, Sally Ann (Spraberry-Wolfcamp) Field.


CONCLUSIONS OF LAW


1. Proper notice was issued as required by all applicable statutes and regulatory codes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. The requested authority to flare up to 425 thousand cubic feet per day from the Mayberry Lease, Sally Ann (Spraberry-Wolfcamp) Field, Reeves County, Texas satisfies the requirements of Title 16, Texas Administrative Code §3.32.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission grant a one year exception to flare gas from the Mayberry Lease, Sally Ann (Spraberry-Wolfcamp) Field, Ector County, Texas at a rate of 425 MCFD from July 08, 2015 through July 07, 2016.

Respectfully submitted,


Richard Eyster, P.G.
Technical Examiner


Terry Johnson
Legal Examiner